

EVERGREEN MARINE CORPORATION (TAIWAN) LTD.

Procedures for Fund Lending, Endorsement and Guarantee

Chapter 1 General

Article 1

All fund lending, endorsement and guarantee of the Company shall be processed in accordance with the provisions of this procedure.

Article 2

Except the following circumstances, the fund of the Company shall not be lent to stockholder or any other party:

1. There is business relationship between the Company and other firms.
2. There is necessity of short-term fund financing between the Company and other firms.

The financing amount shall not be more than 40% of the net worth of the Company.

The above short-term means one year. However, when the operating cycle of the Company is more than one year, it shall base on such operating cycle.

The above financing amount in Subparagraph 2 of Paragraph 1 means the accumulated balance amount of the short-term fund financing of the Company.

Fund lending between the foreign companies that the Company is directly and indirectly holding 100% of voting shares or fund lending to the Company by the foreign companies in which the Company is directly and indirectly holding 100% of voting shares shall not be restricted by the preceding Subparagraph 2 of Paragraph 1, but the total lending amount and the duration shall be processed in accordance with the provisions of the procedures for fund lending of respective subsidiaries.

Article 3

Endorsement and/or guarantee hereof mean the following matters:

1. Financing endorsement and/or guarantee, including:
 - (1) Cash discount financing for the Clients checks.
 - (2) Endorsement or guarantee provided for the purpose of financing for other company.
 - (3) Issue note separately to non-finance institution as guarantee for the purpose of

financing for the Company.

2. Tariff endorsement and/or guarantee refers to the endorsement and/or guarantee to the Custom House against import duties of the Company or other company.
3. Other endorsement and/or guarantee refer to the endorsement or guarantee that cannot be categorized in the above two clauses.

When the Company is providing chattel or real estate to set pledge or mortgage as collateral of the loan for other party, it shall also be processed in accordance with the provisions of this procedure.

Article 4

The Company may provide endorsement and/or guarantee to the following company:

1. Firms that have business relationship with the Company.
2. A company which is held more than 50% of the total number of voting shares directly and indirectly by the Company.(hereinafter referred as the subsidiary which the Company holds more than 50% of voting shares).
3. A company which holds more than 50% of voting shares of the Company directly and indirectly.

Endorsement and/or guarantee may be provided between the subsidiaries that the Company is directly and indirectly holding 90% of voting shares, and the amount shall be restricted to 10% of the net worth in the latest financial statement of the Company, unless endorsement and/or guarantee is provided between the subsidiaries that the Company is directly and indirectly holding 100% of voting shares.

Provided that mutual guarantee based on the provision of the contract between peer companies or co-founders for undertaking construction project, or due to all subscribed stockholders of joint venture to provide endorsement and/or guarantee on the invested company based on its stockholding percentage, which shall not be restricted by the preceding two paragraphs then endorsement and/or guarantee may be provided.

The above subscribed share means an investment made by the Company directly or through any company that the Company is holding 100% of voting shares.

Article 5

The so-called subsidiary and parent company herein mean those Companies stipulated on the provision in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Where the financial reports of the Company or its subsidiaries are prepared according to

the International Financial Reporting Standards, “net worth” in these procedures means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

“Date of occurrence” in these procedures means the date of contract signing, payment, Board of Directors resolutions, or other date that can confirm the counterparty and monetary amount of the fund lending or endorsement, whichever date is earlier.

Chapter 2 procedures

Section 1

Lending fund to other party

Article 6

When the fund of the Company is to be lent to other party, the evaluation standard shall be as follows:

1. When the fund is being lent due to business relationship, the lending amount shall not be more than the total transaction amount between both parties for the latest one year. The so-called 「transaction amount」 refers to the amount of purchasing or selling between both parties, whichever is higher.
2. When there is necessity for a short-term loan, it shall be restricted to the following conditions:
 - (1) Other party has necessity for purchasing material or working capital requirement.
 - (2) Other fund lending approved by the Board of Directors of the Company.

Article 7

The ceilings of the total amount of and the amount for single party of fund lending of the Company shall be as follows:

1. The total lending amount of the Company shall not be more than 40% of the net worth in the latest financial statement of the Company.
2. For company or firm that has business relationship with the Company, its individual lending amount shall not be more than the total transaction amount between both parties for the latest one year.
3. For company or firm with necessity of short-term loan, its individual lending amount shall not be more than 20% of the net worth in the latest financial statement of the Company.

Article 8

The term of fund lending of the Company and the criteria of interest shall be as follows:

1. Lending term: The longest term of each lending shall be one year.
2. Interest criteria: Refers to the bank interest rate on lending date and the interest rate shall be mutually agreed by both the borrower and lender within a reasonable range and interest shall be payable monthly.

Article 9

The procedure of handling fund lending of the Company shall be as follows:

1. The borrower shall submit the loan application to the Company and the finance department of the Company shall consider its necessity and reasonability. In addition, the department shall conduct credit and risk review and further evaluate the operation risk, financial condition of the Company and the effect on the rights and interests of stockholder, then draft the terms and condition of such proposed loan. If necessary, the Company will request the applicant to provide equivalent amount of guarantee note, guarantor or collateral to register pledge or mortgage.
2. After examination, the finance department shall submit the lending proposal to the Audit Committee for approval and then to the Board of Directors for resolution. No other party shall be authorized to make decision.
3. For loan proposal that is approved or the lending amount is reduced by resolution at the Board meeting, the finance department of the Company shall notify the borrower about the resolution.
4. The finance department shall transfer the fund after confirming the loan contract is executed and related collateral filing are completed and no error.
5. The related information including contract, collateral supporting documents and record shall be filed in good order by the finance department after transferring fund.

Article 9-1

Before lending the fund between the Company and parent companies, the Company and subsidiaries, or between subsidiaries, the loan proposal shall be presented first to the Audit Committee for approval and then to the Board meeting for resolution according to the preceding article. The Chairman may be authorized to lend the aggregate amount specified by the Board of Directors to one enterprise, and the amount can be drawn down separately or revolving in the time period of one year.

The authorized amount mentioned in Paragraph 1, except the fund lending is made under Paragraph 4 of Article 2, shall not exceed 10% of the net worth in the latest financial

statement of the Company or subsidiaries when the Company or subsidiaries lend fund to a single enterprise.

Article 10

The subsequent control measures of the loan amount outstanding and the handling procedure for the overdue loan shall be as follows:

1. After the fund is transferred, the Company shall frequently pay attention to the finance, business and related credit condition, etc. of the borrower and the guarantor. If there is any collateral, attention shall be paid to whether there is any change in the worth of the collateral. If there is major change, which shall report the general manager forthwith and conduct appropriate measurement as instructed.
2. When the loan is expired or the loan is prepaid before expiration, the interest thereof shall be calculated firstly. After interest together with the principal fully paid then the guarantee note shall be cancelled and returned to the borrower and pledge or mortgage on the collateral shall be discharged.
3. When the loan expires, the borrower shall repay the principal and interest forthwith. If the borrower defaults, the Company shall directly dispose the collateral or pursue for repayment against the guarantor according to laws.

Article 11

The internal control of the fund lending of the Company shall be as follows:

1. When conducting fund lending, the Company shall establish a notebook that shall record in details regarding the borrower, lending amount, resolution date made by the Board meeting, funding date and other evaluation items, etc.
2. The internal audit personnel of the Company shall at least conduct auditing once a quarter the procedure of the fund lending to other party and its performance condition and a written record shall be made. If major violation is discovered, which shall notify the Audit Committee in writing forthwith.
3. When there is circumstance change in the Company resulting that the fund lending party becomes unqualified under the provisions of this procedure or the balance amount of the loan exceeds the ceiling, the improvement plan shall be made and sent to the Audit Committee. Meanwhile, the improvement shall be made within the planned schedule so as to enhance the internal control of the Company.

Section 2

Endorsement and Guarantee for other party

Article 12

For conducting endorsement and/or guarantee by the Company due to business relationship, the endorsement and/or guarantee amount to single party shall not exceed the total amount of transactions dealing between both parties for the latest one year. The definition of the so-called 「transaction amount」 shall be the same as Article 6.

Article 13

Total amount of endorsement and/or guarantee by the Company shall be restricted to 250% of the net worth in the latest financial statement.

By the Company to a single enterprise, the ceiling of endorsement and/or guarantee amount shall not be more than 50% of the net worth in the latest financial statement. However, the endorsement and/or guarantee amount provided to the subsidiary which the Company holds more than 50% of voting shares shall not be restricted by the above percentage. Nevertheless, the maximum shall not be more than 200% of the net worth in the latest financial statement.

Total amount of endorsement and/or guarantee by the Company and subsidiaries shall be restricted to 250% of the net worth in the latest financial statement of the Company.

By the Company and subsidiaries to a single enterprise, the ceiling of endorsement and/or guarantee amount shall not be more than 50% of the net worth in the latest financial statement of the Company. However, total endorsement and/or guarantee amount provided to the subsidiary, which the Company holds more than 50% of voting shares, shall not be restricted by the above percentage. Nevertheless, the maximum shall not be more than 200% of the net worth in the latest financial statement of the Company.

Article 14

The procedure of handling the endorsement and/or guarantee by the Company shall be as follows:

1. The party requesting for endorsement and/or guarantee shall submit application to the Company and the finance department of the Company shall consider its necessity and reasonability. In addition, the department shall conduct credit and risk review and further evaluate the operation risk, financial condition of the Company and the effect on the rights and interests of stockholder, then draft the terms and condition of such proposed endorsement and/or guarantee. If necessary, the Company will request the applicant to provide equivalent amount of guarantee note, guarantor or collateral to register pledge or mortgage.
2. After examination, the finance department will submit the examination opinion together with related information to the Board of Directors (or the Chairman) for

resolution (or approval).

3. For endorsement and/or guarantee that is approved by the Board of Directors (or the Chairman), the finance department shall fill in the stamped application with the endorsement and/or guarantee information and the document approved by the Board of Directors (or the Chairman) that will all be submitted to the seal custodian for sealing. If the endorsement and/or guarantee are disapproved, the finance department shall prepare document explaining the reason of not granting the endorsement and/or guarantee that will be sent to the applicant together with related information.
4. After the endorsement and/or guarantee and guarantee procedure have been processed properly, the finance department shall keep related information as reference and will register this in the “Endorsement and/or guarantee and cancellation reference book” in order to control the amount of the endorsement and/or guarantee.

In accordance with the preceding paragraph, matters that shall be approved by the Board of Directors shall be first submitted to the Audit Committee for approval before submitting it to the Board of Directors for resolution.

Article 15

The exclusive seal for processing of endorsement and/or guarantee of the Company is the Company seal which has been filed with the Ministry of Economic Affairs. That seal shall be kept by specified person consented by the Board of Directors and any change shall also be approved by the Board of Directors. In addition, the seal can only be applied as per the procedure stipulated in Article 14.

When conducting endorsement and/or guarantee to overseas company, the letter of guarantee issued by the Company shall be executed by the person authorized by the Board of Directors and shall not need to be sealed by the above-mentioned exclusive seal.

Article 16

If the Company intends to provide any endorsement and/or guarantee, it has to be presented to the Audit Committee for approval and then to the Board meeting for resolution. However, any guarantee amount to a single enterprise is within 25% of the net worth of the Company in the latest financial statement, the Chairman may firstly make decision by himself and afterwards it shall be submitted to the Audit Committee and the Board meeting for pursuing recognition.

If the subsidiary in which the Company holds 90% of voting shares intends to provide any endorsement and/or guarantee based on the provision of Paragraph 2 of Article 4, it has to be presented to the Audit Committee for approval and then to the Board meeting

of the Company for resolution, unless endorsement and/or guarantee is provided between the subsidiaries in which the Company is directly and indirectly holding 100% of voting shares.

Article 17

The internal control on endorsement and/or guarantee by the Company shall be as follows:

1. When conducting endorsement and/or guarantee items, the Company shall establish a notebook that shall record in details including the endorsed and/or guaranteed party, amount, date of passing by the Board of Directors or decision for execution by the Chairman, endorsement and/or guarantee date and items that shall be cautiously evaluated based on the provision of Subparagraph 1, Paragraph 1 of Article 14.
2. The internal audit personnel of the Company shall at least conduct auditing on the procedure of endorsement and/or guarantee and its ongoing development once a quarter and a written record shall be made. If major violation is discovered, it shall be immediately notified to the Audit Committee in written notice.
3. When there is circumstance changed in the Company resulting that the endorsed and/or guaranteed party becomes unqualified under the provisions of this procedure or the endorsement/guarantee amount exceeds the ceiling, an improvement plan shall be made and sent to the Audit Committee. Meanwhile, the improvement shall be made within the planned schedule so as to enhance the internal control of the Company.

Article 18

When the Company is processing endorsement and/or guarantee and due to business requirement, it is necessary to exceed the ceiling stipulated by this procedure and it conforms to the terms and conditions stipulated by this procedure, it shall be first approved by the Audit Committee and then resolved by the Board of Directors and the majority directors shall provide joint guarantee on the risk of loss that may be occurred from overflow guarantee to the Company. In addition, this procedure shall be amended accordingly and shall be submitted to shareholders' meeting for approval afterwards. If the shareholders' meeting shall not approve, a plan shall be prepared to remove overflow guarantee within a certain period.

Chapter 3 Disclosure of Information

Article 19

Before the 10th day of every month the Company shall publicly announce the balance

amount of fund lending, endorsement and/or guarantee of the Company and its subsidiaries for the previous month.

Article 20

When the fund lending of the Company has reached one of the following standards, it shall be reported and publicly announced within two days commencing immediately from the day of occurrence:

1. When the outstanding balance amount of fund lending of the Company and its subsidiary to other party has reached more than 20% of the net worth of the Company in the latest financial statement.
2. When the outstanding balance amount of fund lending of the Company and its subsidiary to a single enterprise has reached more than 10% of the net worth of the Company in the latest financial statement.
3. When the aggregate amount of newly increased fund lending of the Company or its subsidiary has reached more than NTD10,000,000 and reached more than 2% of the net worth of the Company in the latest financial statement.

Article 21

When the endorsements and/or guarantees of the Company has reached one of the following standards, it shall be reported and publicly announced within two days commencing immediately from the day of occurrence:

1. When the outstanding balance amount of endorsement and/or guarantee of the Company and its subsidiary has reached more than 50% of the net worth of the Company in the latest financial statement.
2. When the outstanding balance amount of endorsement and/or guarantee of the Company and its subsidiary for a single enterprise has reached more than 20% of the net worth of the Company in the latest financial statement.
3. When the outstanding balance amount of endorsement and/or guarantee of the Company and its subsidiary on a single enterprise has reached more than NTD10,000,000, and the outstanding balance amount of total amount of its endorsement and/or guarantee, carrying value of the investment applied with equity method and fund lending has reached 30% of the net worth of the Company in the latest financial statement.
4. When the aggregate amount of newly increased endorsement and/or guarantee of the Company or its subsidiary has reached more than NTD30,000,000 and reached more than 5% of the net worth of the Company in the latest financial statement.

Article 22

The Company shall evaluate the fund lending and shall make sufficient allowance for doubtful accounts. In addition, the Company shall evaluate or appropriate the contingent loss of endorsement and/or guarantee adequately disclosed in the financial statement and the Company shall provide related information to the CPA for necessary audit procedure.

Chapter 4 Miscellaneous

Article 23

If any subsidiary of the Company intends to lend funds to or make endorsement and/or guarantee for other party, the control procedures adopted by the Company shall be as follows:

1. To order its subsidiary to set up its own “Procedures for Fund Lending, Endorsement and Guarantee” in accordance with relevant guidelines, and carry out auditing in compliance with such relevant guidelines.
2. To order its subsidiary shall follow the Procedures set up by itself when lending funds and making endorsement and/or guarantee.
3. Internal auditors of the Company shall review the auditing report made by the subsidiary.
4. If the fund lending, endorsement and/or guarantee of a subsidiary that is not a domestic public company have reached the standards of public announcement and report, the Company shall do so for its subsidiary.

Article 24

Where anyone in the Company shall have committed in violation of these Procedures, then the Personnel Dept. shall take a discipline action against him/her according to the severity of circumstance.

Article 25

The Company intends to endorse and/or guarantee the subsidiary whose net worth is lower than 50% amount of the total paid-in capital, the Company shall require the subsidiary to submit the means to improve its net worth. And if the net worth of the subsidiary is lower than 50% amount of the total paid-in capital in two successive years, the Company shall submit this circumstance to the Board of Directors for discussion.

In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

Article 26

Upon the adoption or amendment of these Procedures, it shall be approved first by the Audit Committee and then be resolved by the Board of Directors; then, these Procedures shall enter into effectiveness after ratification of the shareholders' meeting. If any director took an objection, and a record or written statement to the effect has to be made, then the Company shall submit the data about the objection of the director to the shareholders' meeting for discussion.

Article 27

Based on the regulation of this procedure, all matters that shall obtain the approval of the Audit Committee shall be approved by at least one-half of the members of the Audit Committee.

In the event that the preceding does not obtain at least one-half of the approval of the Audit Committee, it shall then ask for the approval of at least two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board's Meeting.

The members of the Audit Committee and all Directors mentioned in the preceding paragraphs refer to the members in office.

When the matters which are required to be submitted to the Board of Directors for resolution pursuant to the regulation of this procedure are being discussed in the Board meetings, each independent director's opinions shall be taken into full consideration. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes.

The History of "Procedures for Fund Lending, Endorsement and Guarantee"

1. These Procedures were originally adopted on June 20, 2003.
2. The 1st amendment was made on June 23, 2006.
3. The 2nd amendment was made on June 27, 2007.
4. The 3rd amendment was made on June 19, 2009.
5. The 4th amendment was made on June 18, 2010.
6. The 5th amendment was made on June 24, 2011.
7. The 6th amendment was made on June 14, 2013.
8. The 7th amendment was made on June 18, 2014.
9. The 8th amendment was made on June 22, 2017.
10. The 9th amendment is made on June 21, 2019.